

**Part 731 Intrastate Special Access  
Service Quality Plan**

**Verizon - Illinois**

**Filed: September 15, 2004**

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## **ILLINOIS PART 731 INTRASTATE SPECIAL ACCESS SERVICE QUALITY PLAN**

This Illinois Part 731 Intrastate Special Access Service Quality Plan (“Plan”) is filed with the Commission Staff on September 15, 2004 in compliance with the Part 731 rules.<sup>1</sup> The Plan includes a comprehensive set of measures covering Ordering, Provisioning, and Maintenance that are fully described herein. The Plan also specifies incentive amounts for each measure in the Plan and includes a methodology for calculating and allocating bill credit amounts to CLECs affected by a measure that misses its standard. Verizon North Inc. and Verizon South Inc. (“Verizon”) will implement this Plan in the first metric software release in 2005 after Verizon provides notice that this Plan is effective.

### **Availability of Reports**

Verizon shall provide the Illinois Commerce Commission (“Commission”) with access to performance measurement results<sup>2</sup> on a monthly basis on the WISE (Wholesale Internet Service Engine) website (or any successors to it), demonstrating Verizon’s monthly performance provided to the aggregate of all Interexchange Carriers (IXCs) and Competitive Local Exchange Carriers (CLECs) purchasing intrastate special access in the Verizon service area within Illinois, as compared to a benchmark.

Verizon shall also provide any IXC or CLEC (“Carrier”) who purchases Illinois intrastate special access from Verizon and requests the performance measurement results produced in accordance with this Plan with access to Verizon’s Internet website where such Carriers can obtain performance measurement results demonstrating Verizon’s monthly performance provided to all Carriers in the aggregate. Verizon shall also provide to any Carrier who purchases intrastate special access from Verizon in Illinois with access to Verizon’s Internet website where the Carrier can obtain performance measurement results demonstrating Verizon’s monthly performance provided to that Carrier alone. All such Carrier-specific performance measurements results data shall be made available, subject to protective agreements or agency confidentiality rules, to the Commission on Verizon’s Internet website.

The following describes Verizon’s performance measure reporting:

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<sup>1</sup> Verizon’s compliance with the Rule does not waive any rights it may have, and Verizon hereby reserves all such rights, to challenge the new Part 731 rules.

<sup>2</sup> These “performance measurement results” shall consist of the data collected according to the three performance measurement categories (with 12 total sub-metrics when fully disaggregated by product) contained in this Plan.

- Verizon will provide the Commission with a copy of the Plan for posting on the Commission's website, and Verizon will post the approved Illinois Plan on the WISE website (or any successors to it) no more than 30 days after implementation of the Verizon Illinois Plan.
- Verizon will make available to Carriers who purchases Illinois intrastate special access from Verizon, and to the Commission, performance measurement reports for the prior month, no later than the 30<sup>th</sup> calendar day after the end of the month, via Verizon's WISE Performance Measures website (or any successors to it).
- All performance measurement reports will be placed on Verizon's WISE Performance Measures website (or any successors to it). Each Carrier will have access to its own results and aggregate Carrier results, upon request. Verizon affiliate data will not be included in the Carrier aggregate data. The Commission will have access to reports for all Carrier entities.
- Verizon will report the following information monthly to the Commission: 1) The total dollar amount of wholesale service quality remedy payments and credits paid, given and/or assessed; 2) The five highest dollar credit and payment amounts assessed and/or paid on a per measure basis; 3) Any wholesale service quality remedy payments and credits not included in the amount reported under subsection (c)(1) of Section 731.410, but claimed due or owing, in writing, by purchasing carriers<sup>3</sup>; and, 4) Any changes to previously reported metrics data or remedy payments or credits made by the carrier during the past month and a detailed explanation for why the changes to previously reported metrics data or remedy payments or credits occurred.

### **Performance Measurements**

The Plan consists of three measurement categories<sup>4</sup> of performance that may have a direct and immediate impact upon a Carrier's service levels. The three performance measurement categories are designed to demonstrate whether Verizon is providing benchmark performance in its service area to the Carriers. A description of the definitions, exclusions, business rules, levels of disaggregation, calculation, and reporting structure for each of three performance measurement categories is provided in the IL Special Access Service Quality Measurements document. The Commission may initiate a review of the Verizon measurements once every three years, at which time parties may propose whether measurements should be added, deleted, or modified.

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<sup>3</sup> The amounts claimed due or owing by Carriers, if any, will include only those amounts billed and for which Verizon has received a claim in writing pursuant to bill claim/bill dispute procedures in effect at the time of the claim or dispute.

<sup>4</sup> The three measurement categories include SAOR-1, SAPR-4, and SAMR-4.

The performance Verizon provides to the Carriers shall be compared with a benchmark.

Generally accepted procedures – *i.e.*, allowable misses for small samples – shall be utilized to determine whether Verizon has met the benchmark. Attachment A provides a description of how these analyses shall be used.

### **Bill Credits**

The Plan shall also consist of bill credits to the affected Carrier(s), provided the amount due the Carrier(s) does not exceed the amount it spends on wholesale intrastate special access services from Verizon in Illinois, with monthly and annual caps for the Verizon service area. Attachment C provides a list of the three performance measurement categories and the total bill credit level that applies. Attachment B provides a table of the bill credits, setting forth the per-occurrence bill credits, and the caps for those measurements where bill credits are made on a per occurrence basis with a cap. Attachment B also provides monthly and annual bill credit caps that apply.<sup>5</sup>

Verizon shall provide bill credits to the affected Carrier(s) if Verizon fails to provide benchmark performance to the aggregate of all Carriers operating in the Verizon Service Area in Illinois on any measurement<sup>6</sup> for either (1) three consecutive months, or (2) six months or more in a Performance Plan Year, as determined by use of the benchmark. A “Performance Plan Year” is the first twelve full calendar months that begin the first data month for which the Plan is reported subsequent to six months from implementation. Verizon will need a minimum of six months to implement this Plan after the effective date. Bill credits shall be made on a “per occurrence with a cap” basis. The bill credits for the measurements are described in Attachment C, and the per-occurrence bill credit amounts are set forth in Attachment B. The bill credits shall be calculated on the rolling average of occurrences or measurements, as appropriate, where Verizon has failed to provide benchmark performance for three consecutive months.<sup>7</sup> If Verizon fails to provide benchmark performance in Illinois for 6 or more months in a Performance

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<sup>5</sup> All services measured hereunder are subject to the legal requirements that exist on the effective date of the Plan and may be removed from the Plan by Verizon if legal requirements no longer exist.

<sup>6</sup> The word “measurement” in this context does not refer to the three measurement categories listed in the IL Performance Measurement Guidelines, but instead refers to each disaggregated sub-measurement into which the three performance measurement categories are divided. Verizon shall provide bill credits to the affected CLEC(s) as required for any disaggregated sub-measurement.

<sup>7</sup> In other words, Verizon will provide voluntary bill credits in the event it fails to provide benchmark performance for three consecutive months, and another bill credit if the failure continues for a fourth consecutive month, and so on. In each case, the total bill credit due will be calculated according to the rolling average of occurrences for the last three consecutive months.

Plan Year, the bill credits shall be calculated as if all such months were missed consecutively.<sup>8</sup>

The amount of bill credits otherwise due each month under this Plan in Illinois shall be offset by the sum of (1) the amount of payments or bill credits made by Verizon related to performance measurements paid to Carriers each month in Illinois under the terms of a Commission approved local interconnection agreement with Verizon, and (2) any other award to the Carrier under any other judicial or administrative procedure for the same conduct in the same reporting period. Provided, however, that the amount of any bill credits made to affiliates of Verizon shall not be used in calculating the offset.

Performance measurement results for each month shall be available to the Commission and applicable Carriers by the 30<sup>th</sup> calendar day after the end of the month. If Verizon becomes liable for bill credits under this Plan, such bill credits shall be made 30 days after the performance measurement results become available to the Commission.

The standards contained in the Plan will not be violated even though the standard cannot be satisfied, if such failure is the result of a wholesale service emergency situation or other circumstances beyond Verizon's control. Thus, for example, Verizon shall not be liable for bill credits to the effected CLECs if Verizon's failure to provide parity or benchmark performance is attributable to an emergency event, or other circumstances, beyond the control of Verizon such as, but not limited to, an Act of God, or a *force majeure* event, acts of third parties or Carrier actions<sup>9</sup>.

For other events that are evaluated on a case-by-case basis as described in Part 731, Verizon shall engage in "root cause analysis" to demonstrate that an apparent below standard condition was attributable to an event beyond the control of Verizon. If Verizon determines through "root cause analysis" that it failed to provide parity or benchmark performance only due to conditions outside its reasonable control, Verizon shall not be liable for bill credits in those instances.

Payment of bill credits under the Plan is not an admission by Verizon of, nor shall lead to any presumption that Verizon has engaged in, any violation of the law or noncompliance with statutory or regulatory requirements.

## **Audits**

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<sup>8</sup> In other words, four sets of bill credits would be made in a year where a measure is missed for six months (and five sets of bill credits in a year where a measure is missed for seven months, and so on).

<sup>9</sup> Performance data may be impacted by Carrier behavior such as order quality, causing excessive missed appointments; incorrect dispatch identification, resulting in excessive multiple dispatch and repeat reports; inappropriate appointment coding on orders, where extended due dates are desired; and delays in rescheduling appointments, when Verizon has missed an appointment.

## **Regularly-Scheduled Audits**

In addition to audits permitted under Section 8-102 of the Illinois Public Utility Act, three years after the implementation of this Plan, and every three years thereafter, or longer intervals thereafter as agreed upon by the parties, Verizon will initiate an audit limited to the Plan's production and reporting of performance measurement results and the calculation of remedies. Verizon will select the independent auditor. Additionally, Verizon will consult with the interested CLECs providing service in Verizon's local exchange territory using Verizon's wholesale offerings ("Interested CLECs") about the scope and timing of the audit and parameters of the audit.

When the audit is completed, Verizon will submit a report on the audit (excluding confidential and proprietary information) to the Commission Staff and distribute copies to Interested CLECs who contributed toward payment for the audit.

The cost of the audit will be divided equally between Verizon and the Interested CLECs as follows: 50% to be paid by Verizon and 50% to be paid by the Interested CLECs. The Interested CLECs will inform Verizon how they plan to divide their 50% of the costs amongst themselves.

Before proceeding with the commencement of the audit, the chosen vendor will provide an estimated cost of the audit to Verizon. Before the audit commences and at least 10 business days before the audit commences, Verizon and the Interested CLECs will pay their share of the audit's estimated cost (50% Verizon, 50% Interested CLECs) into an account that will be held by Verizon in escrow. Any disputes regarding amounts billed for the audit shall be submitted under the dispute resolution process contained in the Verizon model interconnection agreement available from Verizon on the date the dispute is submitted in writing by the CLEC(s), or at Verizon's option, to the American Arbitration Association. No audit will commence unless all carriers pay their apportioned cost, i.e., CLECs pay 50% and Verizon pays 50%.

Verizon may recover its cost for Commission-initiated audits and for regularly scheduled audits through the normal ratemaking procedures and, to the extent allowed by such procedures, may do so through a special surcharge applied to wholesale services.

## **Mini-Audits**

Beginning with the 2005 calendar year, CLECs who are purchasing services from Verizon and are providing local service in Verizon's local service territory will have the right to mini-audits of individual performance measures during each calendar year.

When a CLEC that is providing service in Verizon's local service territory has good reason to believe the data collected for a measure is flawed or the reporting criteria for the measure is not being met, it may request in writing (including e-mail) that Verizon

perform a mini-audit on the specific measure, which will include the designation of a CLEC representative to engage in discussions with Verizon about the requested mini-audit.

If, 30 calendar days after the CLEC's above written request to Verizon, the CLEC has good reason to believe that the issue has not been resolved, the CLEC may commence the mini-audit itself for a measure upon providing Verizon five business' days advance written notice. Each CLEC will be limited to performing mini-audits for only three single measures during the year. The CLEC will pay for the mini-audit, including Verizon's reasonable associated costs and expenses, unless Verizon is found to be materially misreporting or misrepresenting data or to have non-compliant procedures; in which case, Verizon would pay the reasonable fee for the mini-audit.

No more than three mini-audits will be conducted simultaneously unless more than one CLEC wants the same measure/sub-measure audited at the same time; in which case, mini-audits of the same measure/sub-measure shall count as one mini-audit for the purposes of this paragraph only. Each mini-audit will be submitted to the Commission as a proprietary document, subject to the applicable protection afforded by Illinois.

Verizon will retain data and other records supporting the special access performance measurement results for Verizon and the Carriers for a period of three years.



## **ATTACHMENT A**

### **Evaluation Methodologies**

#### **Calculation of Benchmark Performance**

##### **Definitions:**

Counted Variables are metrics of proportions, such as percent completed on time (e.g. SAPR-4-01).

For Ordering, Provisioning and Maintenance measures that are designated in this Plan as per occurrence, Verizon will do the following:

- If the absolute performance for the Carrier is better than the benchmark, no analysis is required.
- If the Carrier performance is worse than the benchmark, Verizon will next:

##### **Test Allowable Misses for Small Sample Sizes for Counted Variable Benchmark Standards:**

###### **a. Where higher performance is better (“HIB”)**

When the number of observations,  $n < \{1/[1-\text{benchmark}]\}$  for a HIB counted variable metric, a metric passes unless there are at least 2 missed transactions (e.g. 2 or more confirmations not on-time) more than 2 observations in the numerator.

###### **b. Where lower performance is better (“LIB”)**

When the number of observations,  $n < \{1/[\text{benchmark}]\}$  for a LIB counted variable metric, a metric passes unless there are at least 2 missed transactions (e.g. 2 or more special access circuits out-of-service > 8 hours).

*The following is an EXAMPLE of the Small Sample Allowable Miss provision:*

*For example, the sample size qualifying for an allowable miss when a benchmark is 90% (HIB) is defined by the following:*

$$n < \frac{1}{1-.90} \equiv n < 10$$

*Any sample less than 10 receives an “allowable miss” of one. That is, if Verizon’s performance for OR-1 (Order Confirmation Timeliness) is 88.9% (1 late order confirmation in a total of 9), Verizon’s 1 late order confirmation is allowed and Verizon meets the benchmark. If Verizon’s performance for OR-1 is 77.8% (2 late order confirmations in 9), 1 late order confirmation is allowed and Verizon does not meet the benchmark.*

#### **Allowable Misses for Small Sample Sizes for Ordering, Provisioning and Maintenance Per Occurrence Measures:**

| Sample Size | 90% Benchmark Number of Allowable Missed Transactions |
|-------------|---|
| 1           | 1   |
| 2           | 1   |
| 3           | 1   |
| 4           | 1   |
| 5           | 1   |
| 6           | 1   |
| 7           | 1   |
| 8           | 1   |
| 9           | 1   |
| 10          | NA  |

#### **Methods of Calculating Bill Credits:**

#### **Measurements For Which The Reporting Dimensions Are Percentages**

Step 1: Calculate the difference between the actual percentage for the aggregate Carriers and the benchmark for each of the three non-compliant months.

When high values indicate poor performance:  
Difference = (CLEC Aggregate Percentage – Benchmark Percentage)

When low values indicate poor performance:  
Difference = (Benchmark Percentage – Carrier Aggregate Percentage)

Step 2: Multiply the total number of data points by the percentage calculated in the previous step. Calculate the average for three months and multiply the result by \$600 to determine the applicable assessment payable to the affected Carriers.

### **Methods for Which Payment Is Per Occurrence With A Cap**

Payments are calculated on a per occurrence basis in accordance with the methodologies described above and are payable up to the caps identified in Attachment B.

### **Carrier-Specific Incentive Payment Allocation**

Any payments made under the Plan will be issued only in the amounts by which the payments exceed any balance due to Verizon from the Carrier, and issued as bill credits to the affected Carriers.

Ordering measures have a “per occurrence” incentive amount designation.

- For each of the measures with “per occurrence” incentives where Verizon IL does not meet the performance standard defined in the Plan for three consecutive months, the total incentive amount for the measure is calculated using the aggregate Carrier performance and observations using the methodology defined in the Plan. Once the total amount has been determined, the amount is allocated to the affected Carriers based on their individual proportion of the total aggregate observations for the measure in that 3-month period.

Provisioning and Maintenance measures have a “per occurrence” incentive amount designation.

- For each of the measures with “per occurrence” incentives where Verizon IL does not meet the performance standard defined in the Plan for three consecutive months, the total incentive amount for the measure is calculated using the aggregate Carrier performance and observations using the methodology defined in the Plan. Once the total amount has been determined, the amount is allocated to the Carriers based on their individual proportion of the total aggregate observations for the measure in that 3-month period.

Performance measures may not always meet the requirements for testing. Individual data points are not independent. The primary example of such non-independence is a cable failure. If a particular Carrier has fewer than 30 troubles and all are within the same cable failure with long duration, the performance will appear out of parity. However, for all troubles, including Verizon troubles, within that individual event, the trouble duration is identical. Another example of clustering is if a Carrier has a small number of orders in a single location, with a facility problem. If this facility problem exists for all customers served by that cable and is longer than the average facility problem, the orders are not independent and clustering occurs. Finally, if root cause shows that the difference in performance is the result of Carrier behavior, Verizon will identify such behavior and work with the respective Carrier on corrective action.

### **Clustering Exceptions:**

A key assumption in used to evaluate parity is that the data are independent. Events included in the performance measures of provisioning and maintenance of telecommunications services are not independent. The lack of independence is referred to as “clustering” of data. Clustering occurs when individual items (orders, troubles etc.) are clustered together as one single event. This being the case, Verizon will file an exception to the performance data in the performance report if any of the following events occur:

- Event Driven Clustering: For example, if a significant proportion (more than 30%) of a Carrier’s troubles are in a single cable failure, Verizon will provide the data demonstrating that all troubles within that failure, including Verizon troubles were resolved in an equivalent manner. Then, Verizon will provide the repair performance data with that cable failure performance excluded from the overall performance for both the Carrier and Verizon and the remaining troubles compared according to accepted methodologies.
- Location Driven Clustering: For example, if a significant proportion (more than 30%) of a Carrier’s missed installation orders and resulting delay days were due to an individual location with a significant facility problem, Verizon will provide the data demonstrating that the orders were “clustered” in a single facility shortfall. Then, Verizon will provide the provisioning performance with that data excluded. Additional location driven clustering may be demonstrated by disaggregating performance into smaller geographic areas.
- Time Driven Clustering: For example, if a significant proportion (more than 30%) of Carrier activity, provisioning or maintenance, occurs on a single day within a month, and that day represents an unusual amount of activity in a single day, Verizon will provide the data demonstrating that the activity is on that day. Verizon will compare that single day’s

performance for the Carrier to Verizon's own performance. Then, Verizon will provide data with that day excluded from overall performance to demonstrate "parity".

**Other Exceptions:**

Carrier Actions: In addition, the key assumption of independence of data may be impacted by Carrier behavior such as order quality, causing excessive missed appointments; incorrect dispatch identification, resulting in excessive multiple dispatch and repeat reports; inappropriate appointment coding on orders, where extended due dates are desired; and delays in rescheduling appointments, when Verizon has missed an appointment. Verizon will bring such behavior to the attention of the Carrier to attempt resolution. If such action negatively impacts performance, Verizon will provide appropriate detail documentation of the events and communication to the individual Carrier and the Commission.

**Documentation:**

Verizon will provide all details, ensuring protection of customer proprietary information to the Carrier and Commission. Details include, individual trouble reports, and orders with analysis of Verizon and Carrier performance. For cable failures, Verizon will provide appropriate documentation detailing all other troubles associated with that cable failure.

## **ATTACHMENT B**

### **Bill Credits Table**

Annual Cap (Monthly Caps are 1/12th the annual amount): \$300,000

Per Occurrence: \$600

Per Measurement Group Cap: \$20,000

## ATTACHMENT C

### Verizon IL Performance Measurement List

|                     | Metric #  | Metric                 | Products | Standard   | Pay per    | \$  | \$Cap  |
|---------------------|-----------|------------------------|----------|------------|------------|-----|--------|
| <b>Ordering</b>     | SAOR-1-12 | % On Time FOC          | Group    |            |            |     | 20,000 |
|                     |           |                        | DS0      | > or =90%  | Occurrence | 600 |        |
|                     |           |                        | DS1      | > or =90%  | Occurrence | 600 |        |
|                     |           |                        | DS3      | > or =90%  | Occurrence | 600 |        |
|                     |           |                        | OCn      | > or =90%  | Occurrence | 600 |        |
| <b>Provisioning</b> | SAPR-4-15 | % On Time Provisioning | Group    |            |            |     | 20,000 |
|                     |           |                        | DS0      | > or =90%  | Occurrence | 600 |        |
|                     |           |                        | DS1      | > or =90%  | Occurrence | 600 |        |
|                     |           |                        | DS3      | > or =90%  | Occurrence | 600 |        |
|                     |           |                        | OCn      | > or =90%  | Occurrence | 600 |        |
| <b>Maintenance</b>  | SAMR-4-09 | % OOS > 8 Hours        | Group    |            |            |     | 20,000 |
|                     |           |                        | DS0      | < or = 10% | Occurrence | 600 |        |
|                     |           |                        | DS1      | < or = 10% | Occurrence | 600 |        |
|                     |           |                        | DS3      | < or = 10% | Occurrence | 600 |        |
|                     |           |                        | OCn      | < or = 10% | Occurrence | 600 |        |

## ATTACHMENT D

### Verizon IL Qualifying Sub-Measurements

| Verizon IL | DS0 | DS1 | DS3 | OCn |
|------------|-----|-----|-----|-----|
| SAOR-1-12  | X   | X   | X   | X   |
| SAPR-4-15  | X   | X   | X   | X   |
| SAMR-4-09  | X   | X   | X   | X   |

Total Verizon IL “qualifying sub-measurements”: 12